

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

on the Principles, Priorities and Conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia

(presented by the Commission)

{SEC(2005) 1425}

EXPLANATORY MEMORANDUM

In Thessaloniki, the European Council of 19 and 20 June 2003 reiterated its determination to fully and effectively support the European perspective of the Western Balkan countries. It endorsed the Council's Conclusions of 16 June 2003 on the Western Balkans including the annex "The Thessaloniki Agenda for the Western Balkans: moving towards European integration", which introduced the European Partnerships as a means of realising the European perspective of the Western Balkan countries.

In early 2004, the Commission presented its first Partnership with the former Yugoslav Republic of Macedonia. It was adopted by the Council on 14 June 2004. The Commission considers it appropriate to update this first Partnership on the basis of its findings in the Opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union.

This renewed European Partnership is based on the provisions of Council Regulation (EC) No 533/2004 of 22 March 2004. It lists short- and medium-term priorities for the country's preparations for further integration with the European Union. The country is expected to respond to the European Partnership by preparing a plan with a timetable and specific measures to address the European Partnership's priorities. The progress made with implementing the priorities will be monitored regularly by the Commission, through the Progress Reports and through the structures set up under the Stabilisation and Association Process.

The European Partnership priorities should form the basis for programming the financial assistance of the Community, which will continue to be provided under the relevant financial instruments, in particular Council Regulation (EC) No 2666/2000 of 5 December 2000 (CARDS).

The proposed Council Decision has no financial implications. In view of the above, the Commission invites the Council to adopt the attached draft Council decision.

Proposal for a

COUNCIL DECISION

on the Principles, Priorities and Conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 533/2004 on the establishment of European Partnerships in the framework of the Stabilisation and Association Process and in particular Article 2 thereof[1],

Having regard to the proposal from the Commission,

Whereas:

(1) The European Council endorsed the introduction of the European Partnerships as a means of realising the European perspective of the Western Balkan countries within the framework of the Stabilisation and Association Process.

(2) Regulation (EC) No 533/2004 sets out in its Article 2 that the Council is to decide on the principles, priorities and conditions to be contained in the European Partnerships, as well as any subsequent adjustments.

(3) The Council adopted on 14 June 2004 a first European Partnership with the former Yugoslav Republic of Macedonia[2]. It is appropriate to update this Partnership in order to identify new priorities for further work on the basis of the findings of the Opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union.

(4) Regulation (EC) No 533/2004 indicated that the follow-up of the European Partnerships will be ensured within the framework of the mechanisms established under the Stabilisation and Association Process.

(5) In order to prepare for further integration with the European Union, the former Yugoslav Republic of Macedonia should develop a plan with a timetable and specific measures to address the priorities of this European Partnership.

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1 OJ L 86, 24.3.2004, p. 1.

2 Council Decision 2004/518/EC of 14 June 2004 on the principles, priorities and conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia (OJ L 222, 23.6.2004, p. 20).

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 1 of Council Regulation (EC) No 533/2004, the principles, priorities and conditions in the European Partnership with the former Yugoslav Republic of Macedonia are set out in the annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the European Partnership shall be monitored through the mechanisms established under the Stabilisation and Association Process, notably the annual reports presented by the Commission.

Article 3

This Decision shall take effect on the third day following its publication in the *Official Journal of the European Union.*

Done at Brussels,

For the Council
The President

ANNEX

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA:
2005 EUROPEAN PARTNERSHIP

1. INTRODUCTION

The European Council endorsed the introduction of the European Partnerships as a means of realising the European perspective of the Western Balkan countries within the framework of the Stabilisation and Association Process.

The first Partnership with the former Yugoslav Republic of Macedonia was adopted by the Council on 14 June 2004. It is appropriate to update this first Partnership on the basis of the Commission's Opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union. The second European Partnership identifies new priorities for action.

The new priorities are adapted to the country's specific needs and stage of preparation and will be updated as necessary. The European Partnership also provides guidance for financial assistance to the country.

The former Yugoslav Republic of Macedonia is expected to adopt a plan including a timetable and specific measures to address the European Partnership priorities.

2. PRINCIPLES

The Stabilisation and Association Process remains the framework for the European course of the Western Balkan countries, all the way to their future accession.

The main priorities identified for the former Yugoslav Republic of Macedonia relate to its capacity to meet the criteria defined by the Copenhagen European Council of 1993 and the conditions set for the Stabilisation and Association Process, notably the conditions defined by the Council in its Conclusions of 29 April 1997 and 21 and 22 June 1999, the content of the final declaration of the Zagreb Summit of 24 November 2000 and the Thessaloniki Agenda.

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that the country can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and the implementation thereof.

Taking into account the substantial costs required for implementation and enforcement of the *acquis* as well as the complexity of the EU requirements in certain areas, this Partnership does not include all important tasks at this stage. Future Partnerships will include further priorities in line with the progress made by the country.

Among the short term priorities, the key priorities have been identified and grouped together at the beginning of section 3.1. The order of these key priorities does not imply any ranking in their importance.

3.1. Short-term priorities

Key Priorities

– Implement the recommendations regarding the electoral process made by the OSCE-ODIHR in time for the next elections.

– Adopt the Law on Police.

– Adopt the constitutional amendments needed to implement the reform of the judicial system, in line with the recommendations of the Venice Commission. Subsequently adopt and implement the measures needed to strengthen the independence of judges (notably by reforming the Judicial Council and their system of selection), strengthen the training system for judges and prosecutors, improve the case load management, and reduce the backlog.

– Simplify company registration and licensing procedures, *inter alia* by implementing the "one-stop-shop" system for company registration.

– Ensure proper implementation of the commitments undertaken in the Stabilisation and Association Agreement, in particular in the areas of electronic communications and customs.

Political Criteria

DEMOCRACY AND THE RULE OF LAW

– Consolidate the rule of law all over the territory, in particular through the timely implementation of the reforms in the law enforcement agencies.

Elections

– Address the shortcomings identified in the electoral process and ensure a free and fair process in the next parliamentary elections.

– Prosecute frauds and irregularities.

Public administration

– Implement fully the Law on Civil Servants. Depoliticise the recruitment and career advancement of civil servants and other public agents and introduce a merit-based career system.

– Improve administrative transparency.

– Adopt and implement a law on public access to information.

– Ensure the effective implementation of the Code of Ethics for Civil Servants.

– Ensure proper co-operation of all State bodies with the Ombudsman and improve the follow up given to his recommendations.

– Establish transparent and accountable local administrations and develop internal controls and audits in the management of decentralised funds.

Judicial system

– Ensure a timely implementation of the Strategy and Action Plan on Judicial Reform with a view to strengthening its independence, improving the efficiency of the courts, and strengthening the overall capacity of the judicial system.

– Improve the execution of civil cases, and put in place an effective delivery and summons system.

Anti-corruption policy

– Fully implement the recommendations of the Group of States against Corruption (GRECO).

– Improve transparency in public decisions and in the management of state assets (including state owned land, concessions and public procurement).

– Implement the recommendations made by the State Commission for the Prevention of Corruption and further improve co-ordination and co-operation between the law enforcement agencies.

– Review the discretionary rights of certain public officials and adopt clear rules relating to conflict of interest.

– Ensure the implementation of the legislation adopted on the financing of political parties and on control over the assets of officials and impose effective sanctions in case of infringements.

– Identify the extent of the corruption phenomenon in key areas of public life in order that effective preventive and detection measures can be put in place.

– Enhance the capacity of police investigators and prosecutors to deal with corruption cases. Ensure adequate co-ordination between the State Commission for the Prevention of Corruption and the State Prosecutor.

Ohrid Framework Agreement

– Ensure the effective implementation of the legislative framework adopted in accordance with the Framework Agreement.

– Complete the necessary legislative framework to implement the decentralisation process and ensuring that municipalities have the necessary means to implement their new competences.

– Adopt and begin to implement a medium-term strategic plan for equitable representation of minorities in the public administration (including in the judiciary) and public enterprises.

HUMAN RIGHTS AND THE PROTECTION OF MINORITIES

– Fully comply with the European Convention on Human Rights, the Convention for the Prevention of Torture and Inhuman and Degrading Treatment or Punishment and other relevant international conventions.

– Strengthen the co-operation between the Ministry of Interior and the Ombudsman.

– Adopt the Law on Interception of Communications.

– Implement fully the rules applying to ethics, internal control and professional standards in all law enforcement agencies, the judiciary and prison administrations.

– Promote awareness among the police, judges, prosecutors and other law enforcement bodies of their obligations in terms of human rights and ensure that they carry them out in accordance with international requirements.

– Ensure the full implementation of the constitutional principle of the separation of religious communities and groups from the State and review the legal framework for religious communities and groups.

– Adopt and implement a new Law on Broadcasting to guarantee the independence of broadcasters and the quality of the service they provide.

– Promote respect for and protection of minorities in accordance with the European Convention on Human Rights and the principles laid out in the Council of Europe's Framework Convention for the Protection of National Minorities, in line with best practice in EU Member States.

– Further promote access to education for all ethnic communities.

REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS

– Ensure regional co-operation and good neighbourly relations.

– Conclude and implement agreements with neighbouring countries, notably on free trade, cross-border co-operation, fight against organised crime, trafficking and smuggling, judicial co-operation, border management, environment, transport and energy.

Economic Criteria

– Strengthen legal certainty for economic operators. Speed up legal procedures and clarify property rights. Take decisive steps towards completion of registration of land and real estate.

– Strengthen the capacity of the State to resolve commercial disputes.

– Ensure that administrative decisions are based on transparent rules and that decisions based on discretionary powers are subject to effective administrative and judicial review.

– Improve the general business climate, inter alia by strengthening implementation and enforcement of legislation in areas such as auditing and corporate accounting. Improve the country's attractiveness for domestic and foreign direct investors.

– Shorten the duration of bankruptcy procedures, clear the backlog of accumulated bankruptcy procedures and reduce the backlog of companies which are bankrupt but not dissolved.

– Guarantee equal treatment of all tax payers. Address the phenomenon that non-payment of taxes and social security contributions is tolerated for certain tax payers. Eliminate the backlog of payment arrears of taxes and social security contributions. Ensure effective prosecution of individuals and companies who participated in the "pyramid" tax evasion schemes.

– Complete market liberalisation. In particular, continue the privatisation process and the liberalisation of network industries.

– Address unemployment and support job creation. Ensure swift implementation of the new Law on Labour Relations and of the reform of the Employment Agency. Initiate further efforts to promote job creation, in particular for women and young people.

– Strengthen prudential and supervisory standards in the banking and insurance sectors.

– Continue with the alignment of the legal framework for the financial sector and ensure swift implementation in order to ensure, in particular, a rapid catch-up with international standards and practices.

– Further improve public finance management. In particular, implement fiscal decentralisation and continue the wage decompression of the civil service salary structure.

Ability to Assume the Obligations of Membership

Free movement of goods

– Complete the restructuring of the existing institutional framework to ensure separation of the regulatory, accreditation, standardisation and product certification functions.

– Speed up the rate of adoption of European standards.

– Adopt legislation concerning the designation and notification of conformity assessment bodies and establish functioning conformity assessment infrastructure.

– Adopt a new Law on Product Safety.

– Develop a market surveillance structure required by the *acquis* on free movement of goods.

– Continue work on the transposition of Old Approach and New and Global Approach directives.

Free movement of capital

– Further strengthen the anti-money laundering framework, in particular by raising awareness among reporting institutions and by establishing a credible enforcement record on the part of the relevant institutions. Implement the National Strategy against Money Laundering and Funding Terrorism.

Public procurement

– Align the legislation on public procurement with the *acquis*, in particular in the utilities sector.

– Ensure an effective remedies system, especially as regards the parties that may have recourse to remedies and by extending deadlines for the submission of complaints.

– Increase the public sector's awareness of and compliance with public procurement rules.

– Set up the Public Procurement Bureau and provide it with sufficient staff and equipment, also in view of its role in detecting corrupt activities.

Company law

– Pursue reforms of the company registration process in order to reduce the complex and lengthy procedures.

– Ensure proper enforcement of accounting and financial reporting requirements. Ensure implementation of International Accounting Standards.

– Make the Accounting Standards Committee operational.

Intellectual property law

– Establish a credible enforcement record in the area of protection of intellectual and industrial property rights. Ensure that fines and other sanctions are effectively applied and have a dissuasive effect. For this purpose, allocate adequate resources at the level of law enforcement, prosecution and the courts.

Competition

– Establish a credible enforcement record in the anti-trust area and in the field of State aid control. Entrust the Commission for Protection of Competition with efficient means to enforce the law and ensure the independence of the State Aid Commission, providing it with adequate staff and premises.

– Establish a comprehensive inventory and reporting of all aid measures in force.

– Further align the legislation with the EU competition legislation and the EU State aid rules.

– Raise awareness among government institutions and the business sector.

Financial services

– Reinforce the legislation and the supervisory framework, including enforcement, for the financial sector, in particular regarding the insurance sector and securities markets.

– Establish an independent and properly staffed supervisory authority for the insurance sector.

Information society and media

– Terminate the breach of the Stabilisation and Association Agreement by taking all necessary measures to fulfil the obligation to liberalise the electronic communications sector, including the adoption of all required secondary legislation and further strengthening of the regulatory bodies.

– Secure competitive safeguards for significant market power operators.

– Ensure that media legislation is in line with the recommendations formulated in May 2005 by the joint expertise of the Council of Europe and the Commission.

– Ensure that the legislation on defamation reflects European standards

– Reinforce the independence and administrative capacity of the Council for Electronic Media.

Agriculture and rural development

– Speed up the registration of agricultural land in the real estate cadastre.

– Adopt the necessary legislation and set up suitable administrative structures to operate EU instruments related to rural development, including preparation for setting up a rural development paying agency.

Food safety, veterinary and phytosanitary policy

– Continue the alignment of legislation with the veterinary and phytosanitary *acquis*.

– Reinforce the capacity of the Veterinary Service at both central and local levels in order to put in place an EU-compatible control system, particularly for import controls. Strengthen the management and training of inspectors.

– Set up a system for identification and registration of bovines and other relevant species.

– Further align animal disease and animal health control systems with the EU legislative and institutional requirements as well as the contingency plans for List-A diseases.

– Prepare a programme for up-grading food processing establishments to meet EU requirements.

Transport policy

– Pursue alignment with the road transport *acquis*, notably as concerns market access, transport of dangerous goods, social *acquis* and fiscal *acquis*.

– In the rail sector, establish a regulatory body that is independent from the infrastructure manager and railway undertakings. Establish a safety authority responsible for issuing safety certificates. Align legislation with EU rules on transport of dangerous goods by rail.

– In the field of aviation, pursue further alignment with safety rules and rules on the functioning of the market. Strengthen the administrative capacity of the Civil Aviation Authority.

– Conclude a European Common Aviation Area (ECAA) Agreement with a Protocol on transitional measures for implementation of EU aviation legislation.

– Continue implementation of the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network.

Energy

– Begin to align the legislation on the internal electricity and gas markets, energy efficiency and renewable energy sources with the *acquis* in order to gradually open the energy market to competition.

– Strengthen the independence of the Energy Regulatory Commission.

– Sign the Energy Community Treaty and prepare its implementation.

– Enhance administrative capacity in all energy sectors.

Taxation

– Increase the administrative capacity to implement tax legislation, and to fight against fiscal evasion.

– Take structural measures to urgently reform control policy and improve control capacity.

– Develop an audit strategy and adequate IT systems.

– Amend the taxation regime for tobacco products in order to put an end to the existing discrimination between domestic and imported products.

– Commit to the principles of the Code of Conduct for Business Taxation and ensure that new tax measures are in conformity with these principles.

Statistics

– Strengthen the capacity of the State Statistical Office to allow for the timely implementation of the agricultural census and the business census and for the continuous development of national accounts and their underlying statistics. Reinforce the collection and processing of agricultural statistics in line with EU standards and methodology.

– Amend the Law on State Statistics to harmonise it fully with EU standards and create proper conditions for the implementation of the statistical *acquis*.

Enterprise and industrial policy

– Continue implementation of the European Charter for Small Enterprises. Introduce a voucher scheme for training and advisory services. Explore options for tax incentives for small company start-ups. Improve SME advocacy and representation channels.

– Introduce systematic assessment of the impact of new regulation on enterprise.

– Ensure the launch and professional, independent management of the loan guarantee fund.

– Ensure effective implementation of e-signature legislation.

Regional policy and co-ordination of structural instruments

– Develop a comprehensive and coherent strategy and a draft law on regional development.

– Identify partnership structures ensuring close co-operation between relevant stakeholders at national and regional levels.

Justice, freedom and security

– Adopt and implement the Law on Surveillance of the Border, including the provisions on the Integrated Border Management Strategy, and the Law on Aliens. Implement the Integrated Border Management Action Plan. Prepare written manuals in line with the Schengen manual to be used at all border control points.

– Develop the main databases for border management and ensure that they are connected. Upgrade equipment for document analysis and border surveillance. Introduce high quality travel and identity documents. Provide additional training for staff transferred from the Ministry of Defence on the basis of a multi-annual training programme.

– Continue to implement the Action Plan for the reform of the police. Provide adequate funding and training. Strengthen co-ordination and co-operation both among police bodies and between the police and other law enforcement agencies.

– Develop and implement a comprehensive human resources and training strategy for the police. Upgrade the equipment, particularly in specialised fields of investigation.

– Pursue the implementation of the Set of Action-Oriented Measures for the Fight against Organised Crime. Create an integrated intelligence system for inter-agency use in the fight against organised crime, including trafficking in human beings, arms and drugs.

– Develop a national strategy on drugs in line with the EU Drugs Strategy for 2005-2012 and well-structured unit specialised in undercover policing and ensure training on intelligence-led policing. Ensure adequate resources for witness protection. Strengthen the capacity to investigate computer crimes.

Environment

– Improve the implementation of legislation and environmental monitoring.

– Strengthen the Environmental Inspectorate and other enforcement bodies. Establish a credible enforcement record. Ensure that fines and other sanctions are effectively applied and have a dissuasive effect.

– Strengthen administrative capacity at national and local levels and start the preparation of strategic plans, including financial strategies.

– Develop an environmental investment strategy based on estimates of the cost of alignment.

Customs union

– Align the level of general customs clearance fees with the *acquis*. Abolish the special fee of € 100 for every request submitted for allocating tariff quotas, as these are contrary to the *acquis* and infringe the provisions of the Stabilisation and Association Agreement.

– Increase administrative capacity to implement customs legislation and to fight against cross-border crime.

– Take all necessary steps to properly implement rules of origin.

– Further approximate legislation and procedures with the *acquis*, in particular in the area of transit, simplified procedures and tariff quotas.

External relations

– Work towards the future regional Free Trade Agreement in South East Europe.

Financial control

– Adopt and implement consistent legislation for the entire field of internal control, covering all relevant aspects of managerial accountability, independent internal audit, central harmonisation as well as fraud prevention.

– Develop a Public Internal Financial Control (PIFC) strategy or policy paper as a basis for implementation of the medium-term priorities related to public internal control.

– Complete the establishment of functionally independent internal audit units in central State institutions and create such units at municipal level. Strengthen the co-ordinating role of the Ministry of Finance. Ensure adequate staff, training and equipment.

– Establish a harmonisation unit for financial management and control at the Ministry of Finance.

– Develop efficient management, monitoring, control and audit systems necessary for the implementation of programmes under the EU pre-accession instruments under decentralised implementation conditions.

– Enhance the operational and financial independence of the State Audit Office and ensure follow-up to the findings in its reports.

3.2. Medium-Term Priorities

Political Criteria

DEMOCRACY AND THE RULE OF LAW

Public administration

– Further develop the capacity of the administration to implement the Stabilisation and Association Agreement.

– Further promote the active participation of civil society, including the social partners, in decision-making processes.

Judicial system

– Complete the implementation of the Strategy and Action Plan on Judicial Reform. Ensure the independence and efficiency of the judiciary.

– Reach tangible results in improving the functioning of the judiciary, increasing the rate of execution of civil cases.

– Further develop the Training Academy for judges and prosecutors.

– Further develop the capacity of the judicial system to deal with organised and economic crime.

– Provide adequate equipment and IT support to courts.

Anti-corruption policy

– Further implement the strategy for the fight against corruption and enhance awareness-raising initiatives in the administration and among the public at large. Ensure the effective implementation of measures and legislation adopted to fight corruption.

– Develop a methodology and operate a system for collecting and sharing intelligence and for mutual access to databases.

Ohrid Framework Agreement

– Complete the decentralisation process and further implement the strategy on equitable representation of minorities in the public administration and public enterprises.

HUMAN RIGHTS AND THE PROTECTION OF MINORITIES

– Further promote respect for human rights by law enforcement bodies and in detention centres and prisons.

Economic Criteria

– Further improve the business environment. In particular, complete the registration of all land and real estate as well as the related strengthening of the cadastre. Ensure the enforcement of creditors' rights within a transparent legal framework. Further improve conditions for investors.

– Improve the quality of governance while maintaining sound public finances.

– Take steps to integrate the informal sector into the formal economy, particularly in order to fully include employed persons into the social security system and to eliminate unfair competition from unregistered companies.

– Promote structural change and the diversification of economic activities, with a view to better realising the country's comparative advantages.

– Pursue regional economic integration. Modernise transport and communication infrastructure. Extend the country's trade integration with the region.

– Decrease the relatively high share of unproductive expenditure while increasing funding for education, infrastructure and research and development.

– Modernise the educational system. Align the quality of the educational system with European standards. Modernise the curricula of secondary and university education. Step up efforts to create a modern vocational education and training system.

– Increase administrative capacity with respect to tax collection and expenditure control. Increase internal control and audit standards.

Ability to Assume the Obligations of Membership

Free movement of goods

– Speed up efforts to become a full member of CEN and CENELEC and of the European Telecommunications Standards Institute (ETSI). Guarantee an appropriate staffing level at the Institute for Standardisation.

– Strengthen the administrative capacity needed for effective market surveillance.

– Introduce mutual recognition clauses into the legislation.

Freedom of movement for workers

– Develop sufficient administrative capacity to implement the Community rules on the co-ordination of social security schemes.

Right of establishment and freedom to provide services

– Adopt legislation for the recognition of foreign professional qualifications and create administrative structures and procedures for this purpose.

– Adopt a postal policy based on the Postal Directives, including the establishment of an independent national regulatory authority in the field of postal services.

Company law

– Ensure high standards in the audit profession.

Competition

– Further improve the enforcement record in the areas of anti-trust and State aid control.

Information society and media

– Transpose and implement the EU framework for the information society and media.

– Adopt legislation on electronic commerce and conditional access services.

– Continue the process of alignment with the European Convention on Transfrontier Television and the Television without Frontiers Directive.

– Further strengthen the administrative capacity of the regulatory authorities.

Agriculture and rural development

– Develop an overall strategy on rural development.

– Upgrade the capacity of the agricultural administration and complete preparations for the enforcement and practical application of the management mechanisms of the Common Agricultural Policy, in particular the Integrated Administration and Control System (IACS) and the Paying Agency. Ensure a functioning Land Parcel Identification System (LPIS).

– Set up the vineyard register and make it operational.

Food safety, veterinary and phytosanitary policy

– Further align the legislation with the *acquis* regarding transmissible spongiform encephalopathies (TSE) and animal by-products, implement and control its enforcement and set up the necessary collection and treatment system.

– Establish a properly staffed plant health authority and provide appropriate laboratory capacity to the phytosanitary services. Further align the phytosanitary legislation with the *acquis*.

Transport policy

– Continue work towards complete alignment with the *acquis* in the area of road transport. Continue alignment with the railway *acquis* (first and second railway packages and interoperability). Achieve full alignment with aviation legislation. Ensure vigorous enforcement of the corresponding legislation.

– Further implement the Memorandum of Understanding on the South East Europe Core Regional Transport Network.

Energy

– Continue the implementation of the requirements of the Energy Community Treaty.

– Work towards alignment with the *acquis* concerning nuclear energy and strengthen administrative capacity in the sector.

Taxation

– Fully align tax legislation with the *acquis*, including new legislation (for example the Energy Directive).

– Continue the reform of the tax administration and ensure its proper functioning.

– Continue preparations to ensure interconnectivity with EU computerised systems.

– Improve transparency and the exchange of information with EU Member States in order to facilitate the enforcement of measures preventing the avoidance or evasion of taxes. In this context,

the exchange of information with EU Member States could be based on the OECD model agreement to exchange information.

Statistics

– Define statistical regions that are compatible with the NUTS and launch the production of regional statistics.

– Create a farm register on the basis of the agricultural census and address remaining gaps in agricultural statistics.

– Further develop macro-economic statistics and social statistics.

– Develop reliable business statistics based on the statistical business register and the business census.

Social policy and employment

– Continue alignment with EU legislation in the fields of occupational health and safety, labour law and anti-discrimination, and strengthen the corresponding administrative structures.

– Reinforce the Labour Inspectorate in terms of staff and equipment and enable it to apply effective and dissuasive sanctions.

– Develop and implement a comprehensive employment strategy involving all relevant stakeholders with a view to subsequent participation in the European Employment Strategy, matched by appropriate capacity-building for analysis, implementation and assessment.

Enterprise and industrial policy

– Define and implement an industrial strategy conducive to growth and innovation.

– Further develop support mechanisms for SMEs and improve access of SMEs to financial services.

Regional policy and co-ordination of structural instruments

– Ensure a clear distribution of responsibilities and effective inter-ministerial co-ordination in order to develop a comprehensive and coherent regional development strategy.

– Set up partnership structures ensuring close co-operation between relevant stakeholders at national and regional levels. Involve socio-economic and other partners.

– Ensure that the designated managing and paying authorities will progressively build up their capacity.

– Design and implement national and regional development plans.

– Enhance financial management and control procedures and set up proper monitoring and evaluation systems.

– Set up a national agency for regional development.

– Develop capacity for project preparation and management in accordance with the Structural and Cohesion Funds, both at central level and at NUTS III level.

Justice, freedom and security

– Complete the implementation of the Integrated Border Management Strategy.

– Complete the implementation of the Action Plan for the reform of the police. Continue to upgrade equipment and enhance training. Further develop the human resources management system.

– Further develop the integrated system for intelligence-led policing. Strengthen the special investigation capabilities to fight organised crime, including trafficking in human beings, arms and drugs.

– Operate asylum procedures which are fully in line with international and European standards, including a reformed appeals system. Strengthen administrative capacity by adopting a strategic plan for the administrative structures as well as guidelines for processing asylum cases. Strengthen procedural management and support. Strengthen reception capacity and develop a central database for all aliens covering asylum, migration and visas.

– Develop and implement a migration policy, including an active return policy, which is in line with EU standards and effective in the fight against illegal migration and secondary migration movements.

Science and research

– Start designing and applying an integrated research policy.

– Strengthen research and technological development capacity in order to ensure successful participation in the Community Framework Programmes.

Environment

– Integrate environmental protection requirements into other sectoral policies, in particular through the development of environmental impact assessments.

– Increase investments in environmental infrastructure, with particular emphasis on waste water collection and treatment, drinking water supply, tackling air pollution and waste management.

Consumer and health protection

– Continue alignment with the *acquis* on safety-related measures.

Customs union

– Fully align customs legislation and procedures with EU legislation and standards and fully implement these procedures on the whole territory.

– Continue to strengthen the Customs Administration and ensure its proper functioning in order to reach EU standards. Complete the implementation of the 2004-2008 Strategic Plan.

– Continue preparations to ensure interconnectivity with the computerised systems of the EU.

Foreign, security and defence policy

– Ensure that the "EU Guiding Principles Concerning Arrangements between a State Party to the Rome Statute of the International Criminal Court and the United States Regarding the Conditions to Surrender of Persons to the Court", adopted on 30 September 2002, are fully taken into account.

Financial control

– Develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with the internationally accepted standards and EU best practice, following the EU's Public Internal Financial Control (PIFC) model, through coherent legislation and adequate institutional capacity. Ensure that the process towards achieving this is led by the Ministry of Finance in a co-ordinating and harmonising role.

– Further strengthen the operational capacity and functional as well as financial independence of the State Audit Office.

– Develop procedures and administrative capacity to ensure effective protection of the EC's financial interests.

4. PROGRAMMING

Community assistance under the Stabilisation and Association Process to the Western Balkan countries will be provided under the existing financial instruments, in particular Council Regulation (EC) No 2666/2000[3]. Accordingly, this Decision will have no financial implications. The former Yugoslav Republic of Macedonia can have access to funding from multi-country and horizontal programmes.

5. CONDITIONALITY

Community assistance under the Stabilisation and Association Process to the Western Balkan countries is conditional on further progress in satisfying the Copenhagen criteria as well as progress in meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 5 of Council Regulation (EC) No 2666/2000[4]. Community assistance will also be subject to the conditions defined by the Council in its Conclusions of 29 April 1997 and of 21-22 June 1999, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms.

6. MONITORING

The implementation of the European Partnership will be monitored through the mechanisms established under the Stabilisation and Association Process, notably the annual reports presented by the Commission.

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[3] OJ L 306, 7.12.2000, p. 1, as amended by Regulation (EC) No 2415/2001 (OJ L 327, 12.12.2001, p. 3).

[4] Article 5 of Council Regulation (EC) No 2666/2000:
"1. Respect for the principles of democracy and the rule of law and for human and minority rights and fundamental freedoms is an essential element for the application of this Regulation and a precondition of eligibility for Community assistance. If these principles are not respected, the Council, acting by qualified majority on a proposal from the Commission, may take appropriate measures.
2. Community assistance shall also be subject to the conditions defined by the Council in its Conclusions of 29 April 1997, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms."